U. S. SENATE
Republican Policy Committee

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Medicare Talking Points

Medicare will soon be broke if it is not fixed, according to the Medicare Trustees' April 3, 1995 report on the Part A (Medicare hospital insurance) trust fund.

- Under the most likely economic scenario it will be bankrupt in seven years.
- It will begin running a deficit as early as FY 1997 — that is October 1 of next year.
- The average two-income couple retiring in 1995 will receive $117,000 **more** in Medicare benefits than they contributed.

Congress will save Medicare **not by cutting it but by slowing its rate of growth.** That is based not on rhetoric, but on Congressional Budget Office (CBO) analysis.

- Congress will **increase** total spending from $181 billion in FY1995 to $277 billion in FY2002. That's a $96 billion or a 53 percent increase.
- Congress will **increase** the amount spent per beneficiary from $4,800 in FY1995 to $6,700 in FY2002. That's a $1,900 or a 40 percent increase.
- Congress will **increase** spending over seven years by $355 billion **more** than if it were held at its current level. That amount of increase is equal to twice the total amount that will be spent on Medicare this year.
- Spending will **increase** in each and every year averaging 6.3 percent per year over the seven-year period.

This **slowed spending is to save Medicare,** not to balance the budget or to pay for tax cuts.

- If the budget were balanced today, Medicare would still be broke tomorrow.
- Medicare's trustees, three of whom are members of the Clinton cabinet, have made this clear, but the President refuses to admit it.

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- Medicare reform is not related to Congress' promise of tax relief for America's middle class. Clinton's charge to the contrary is hypocritical — his own budget combines slowed growth in Medicare spending with $110 billion in tax cuts.

Clinton and his party are playing politics with seniors' health. **Rather than focus on Medicare's problems** — its impending bankruptcy — **Clinton wants to focus on its politics** and exaggerate spending differences between his and Congress' plans.

- A comparison of CBO's estimate of Congress' plan and the President's own estimation (OMB) of his plan **shows the spending differences to be minuscule**:
  - Under both plans, Medicare spending will increase, but its growth over the seven years would be about $200 billion below the current spending estimates.
  - Clinton proposes to spend just $75 billion more over seven years than would Congress — an amount equal to less than a nickel on the dollar, just 4 percent.
  - Removing the inflationary effects, the difference is even less — just $60 billion over seven years.
  - In fact, Clinton's current budget is closer to Congress' than it is to the first one he proposed just four months earlier. Over the original budget's first five years: Clinton I - Clinton II = $50 billion; and Clinton II - Congressional = $45 billion.
  - The difference in the rate of growth of total spending over seven years is just one percent: Clinton's is 7.4 percent; Congress' is 6.3 percent. Also, according to the Senate Budget Committee, federal benefit spending will grow by 6.4 percent.
  - The difference between Congress's plan and the President's (one percent) is well less than the difference between projected spending under current law (CBO says 9.98 percent) and the President's plan.

The reform differences are crucial. Under Congress' budget, the problem is identified, Medicare is saved, and the budget balances. Reform means Medicare is not only saved but strengthened, with more choice, less waste and less abuse.

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